

## Message Text

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21

ACTION NEA-10

INFO OCT-01 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00 DOTE-00

EB-07 INR-07 NSAE-00 FAA-00 AID-05 TRSE-00 /032 W

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R 190601Z DEC 75

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 3321

INFO AMEMBASSY NEW DELHI

C O N F I D E N T I A L ISLAMABAD 11685

E.O. 11652: GDS

TAGS: ETRD, EAIR, PK, IN

SUBJECT: PAK-INDIAN TRADE AND CIVAIR ISSUES

SUMMARY: GOI TRADE DELEGATION IS SCHEDULED ARRIVE HERE JANUARY 11. WE SURMISE IT WILL NOT LEAVE EMPTY-HANDED. GOP OFFICIALS ACKNOWLEDGE PRIVATELY THAT THEY MUST BUY SOMETHING FROM INDIA IN RETURN FOR INDIAN PURCHASES EARLIER THIS YEAR OF 200,000 BALES OF COTTON. ON CIVAIR ISSUE. GOP IS AWAITING REPLY FROM GOI TO LETTER REFORMALIZING PAK COMPROMISE OFFER. END SUMMARY.

1. PAKISTAN RADIO DECEMBER 17 REPORTED THAT INDIAN TRADE DELEGATION WOULD BE COMING HERE FOR TALKS JANUARY 11. MFA, WHICH HAS NOT YET ISSUED OFFICIAL STATEMENT ABOUT VISIT, TELLS US THAT INDIAN DELEGATION TO TWICE-POSTPONED DISCUSSIONS WILL BE HEADED BY STC CHAIRMAN VIRODH PARIKH. ATTITUDE TOWARD TRADE ISSUE ON PART MFA OFFICIALS WHO DEAL WITH INDIA HAS GENERALLY BEEN MUCH MORE DEFENSIVE THAN ON OTHER INDO-PAK SUBJECTS. THIS APPEARS TO REFLECT RECOGNITION OF THEIR PART THAT DESPITE FORMAL GOP POSITION THAT PAKISTAN WILL IMPORT FROM INDIA ONLY WHEN THIS CAN BE ECONOMICALLY JUSTIFIED, IT MUST BE PREPARED TO SOME EXTENT TO RECIPROCATATE INDIAN PURCHASES FOR POLITICAL REASONS.

2. DURING CONVERSATION DECEMBER 17 WITH PRODUCTION AND INDUSTRIES MINISTER RAFI RAZA, AMBASSADOR MENTIONED THAT  
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LACK OF ANY GOP ACTION TO PURCHASE INDIAN GOODS WAS A

SUBJECT VERY MUCH IN THE MINDS OF GOI OFFICIALS HE TALKED WITH IN NEW DELHI. RAFI RAZA COMMENTED THAT HE WAS AWARE OF THE PROBLEM AND HIS MINISTRIES WERE PARTLY TO BLAME FOR IT. SINCE INDIA HAD BOUGHT 200,000 BALES OF COTTON (\$20-\$25 MILLION WORTH), PAKISTAN OBVIOUSLY HAD TO BUY SOMETHING IN RETURN. THE INDIANS WERE PARTICULARLY DESIROUS OF SELLING ENGINEERED MANUFACTURES BUT PAKISTAN'S MANUFACTURING INDUSTRY WAS FEARFUL OF INDIAN COMPETITION AND RESISTING GOP PURCHASES IN THIS AREA. HE ALSO MENTIONED THAT INDIA WOULD LIKE TO SELL TEA BUT GOP PURCHASES MIGHT UPSET PAKISTAN'S TRADE WITH SRI LANKA. THE VIEW THAT GOP HAS TO BUY SOMETHING IN RETURN HAS ALSO BEEN EXPRESSED TO US OVER THE YEAR BY PAK OFFICIALS IN THE ECONOMIC MINISTRIES. WE ASSUME THAT THE INDIAN TRADE TEAM WILL NOT GO HOME EMPTY-HANDED.

3. ON THE CIVAIR ISSUE, MFA TELLS US THAT NO REPLY HAS YET BEEN RECEIVED TO GOP LETTER "REFORMALIZING"PAK COMPROMISE OFFER (ISLAMABAD 11487). ACCORDING DIRECTOR FOR INDIA ZAFAR HILALY, LETTER, WHICH SENT BY "HOT LINE," INCLUDES INVITATION TO INDIANS FOR THIRD ROUND OF CIVIL AIR TALKS. (PAKS HAVE TOLD US THAT BOTH SIDES HAD INFORMALLY AGREED AT CONCLUSION LAST ROUND IN MAY THAT NO FURTHER MEETING WOULD BE HELD UNTIL AGREEMENT HAD BEEN REACHED IN ADVANCE ON TERMS OF SETTLEMENT. WE ASSUME THIS IS STILL THE POSITION.) PAK PRESS REPORTS TODAY FROM COLOMBO THAT ACCORDING TO A GOP SPOKESMAN, PM BHUTTO EXPRESSED TO SRI LANKANS "THE HOPE THAT THE NEW FORMULA PROPOSED BY PAKISTAN FOR BREAKING THE DEADLOCK IN THE PROTRACTED NEGOTIATIONS ON THE QUESTION OF OVERFLIGHTS WOULD BRING ABOUT A MEETING OF MINDS, AND THE NEGOTIATIONS WOULD CONSEQUENTLY SUCCEED." THE SPOKESMAN SAID THAT BHUTTO HAD STATED THAT THE FORMULA WAS SIMILAR TO THE PROPOSALS WHICH HAD BEEN PUT FORWARD BY INDIA.  
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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC COOPERATION, GOVERNMENT PROCUREMENT, COTTON, TRADE VISITS, AVIATION AGREEMENTS  
**Control Number:** n/a  
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**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
**Disposition Authority:** KelleyW0  
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**Disposition Comment:** 25 YEAR REVIEW  
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**TAGS:** ETRD, EAIR, PK, IN  
**To:** STATE  
**Type:** TE  
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